Sales Tax Index - Hotels and Motels

Question: Are complimentary hotel rooms subject to state sales or use tax?

Answer: No, complimentary hotel rooms are not generally subject to sales tax. However, if any tangible items are included with the room such as food or beverages, those items would be subject to sales or use tax.

"Comped" (complimentary) living accommodation is a living accommodation, most commonly a hotel room related to a casino, provided by a hotelier to a guest without a room rental charge. The guest typically earns the "comped" room by satisfying certain criteria related to casino gambling, such as gaming a certain dollar value over a defined period of time. However, comped rooms are not limited to gambling and are provided in a variety of other contexts, such as when a company books a large number of rooms for its employees as part of a convention or as reparation for poor service.